

## 6.0 HOUSING ELEMENT

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The *Housing Element* is presented in the following sections:

- 6.1 Key Issues
- 6.2 Recommendations
- 6.3 Action Program

During the preparation of the **Sedona Community Plan** in 1990, the need for affordable housing, the supply of affordable housing, how to integrate affordable housing into the community and how to encourage affordable housing development were identified as critical issues. The original, adopted Community Plan recommended that a housing element be prepared for the Community Plan. The *Housing Element* was prepared as part of the 1998 Community Plan update.



## Overview

In 2002, the City was in the process of updating the Housing Element of the **Sedona Community Plan** to provide more proactive strategies regarding affordable housing needs in the community. This study was targeted for completion in late summer 2002. The Plan's Housing Element acknowledges the challenges of providing a variety of housing types to meet the needs of its residents and employees. These challenges include the very high cost of land and housing in Sedona and the trend and market for large lot development at a much lower density than the maximum allowable under current zoning. Additionally, much of the City's most affordable housing is located within commercial zoning districts. Extremely high commercial land values have created market incentives to redevelop these areas. Currently, the majority of the City's service sector jobs are held by non-residents who commute from nearby communities.

Although the current housing element provides several land use recommendations and policies that promote mixed uses and a greater diversity of housing types in several locations in the community, the trend toward the "underutilization" of residential land and escalating land and housing costs continues to impede the effectiveness of these policies. Providing housing that is affordable even to moderate income households remains a challenge.

During the 2001-2002 Community Plan update, many in the community recognize that more affordable housing is needed in Sedona and that the City has not been pro-active in making housing affordable to those with low to moderate incomes. There is a concern, however, regarding potential increases in densities that may be recommended to address community housing needs.

As part of the 2001-2002 Community Plan update, a comprehensive housing inventory was conducted in mid-year 2000. In conjunction with this inventory, staff also assembled housing information based on queries of other communities both in and outside of Arizona for purposes of comparison. Staff prepared a preliminary draft report regarding housing needs and also used the Arizona Housing Commission Report (Arizona Department of Commerce) – "The State of Housing in Arizona, 2000", the 2000 census and information and data from the draft Housing Study (July 2002 – Grantmasters, Inc.) and the Arizona Affordable Housing Profile conducted by Elliot D. Pollack and Company for the Arizona Department of Commerce (Spring 2002), as resources in the assessment of housing affordability and need.

For the 2001-2002 Community Plan update, the recommendations regarding housing are intended primarily to provide discussion/analysis regarding current conditions and assessment of needs. Recommendations regarding housing are expected with the completion of the Housing Study later in 2002.

## 6.1 KEY ISSUES

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### Current Conditions – Land and Housing Units

As of July, 2001, 62 percent of the lands available for residential use were developed and 1,489 acres remained, representing 910 acres of vacant, subdivided lots (1,661 lots) and 579 gross acres of unsubdivided vacant land. This unsubdivided vacant land can accommodate 1,316 additional residential units if developed at 64% of the allowable density (based on current trends) for a total of 2,977 additional housing units.

Multi-family housing comprises 3.2% of Sedona's developed residential land base. Multi-family zoning (both developed and undeveloped) comprises 3.9% of the residential land base. In comparison, multi-family zoning comprises 19.6% of the total residential lands in Aspen, Colorado and 12.9% in Durango, Colorado.

There are 976 developed and approved multifamily units in Sedona, comprising 11.1% of the City's total potential housing units. In comparison, multifamily units comprise 30% of Telluride, Colorado housing.

Sedona has 253 existing and 88 additionally-approved apartment units for a total of 341 units, comprising 4.6% of the developed and approved total housing. In comparison, the Arizona average is 23% of total housing. Apartment housing comprises 34.9% of the developed and approved multi-family housing in Sedona.

Sedona has 33 mobile home park rental units that are not owner-occupied (9.6% of all mobile home park units). The total combined existing and approved apartments and mobile home park rental units yield a combined total of 374 units or 5% of the developed and approved total housing stock. There are 625 additional developed and approved condo, townhome and duplex units in the City.

**Mobile home parks in Sedona are currently built out. There have been no proposals made for any additional mobile home parks since the City incorporated in 1988 nor have any areas been recommended for these uses in the Community Plan. There is very little remaining lands/lots for which mobile and manufactured housing is allowed by current zoning. As of July, 2001, there were 23 vacant subdivided lots and 7.5 unsubdivided undeveloped gross acres representing about 30 additional units – a total of 53 additional potential lots/units zoned for mobile and manufactured housing.**

*In both 1995 and 2000, 73% of all Sedona households were owner-occupied. For Arizona, homeownership was 62% in 1996 and 68% in 2000.*

## Housing and Real Estate Prices

Comparing all sections of the nation, the median cost of existing housing is highest in the west.

### Year 2001 Median Cost by Region

U.S.	\$147,800
Northeast:	\$146,500
Midwest:	\$130,200
South:	\$137,400
<b>West:</b>	<b>\$194,500</b>

Sedona lies within the most costly region in the U.S. and with a median single family home price of **\$290,000** and an average single-family resale price of **\$364,618**, is also substantially higher than most other western region locations.

## Sedona Real Estate Costs

In 1989 the average resale single-family home in Sedona sold for \$152,292; the average townhome/condominium or patio home for \$102,417, and the average mobile home for \$60,531. The average residential lot sold for \$45,208.

In 1996 the average resale single-family home in Sedona sold for \$258,484; the average townhome/condominium or patio home for \$133,073 and the average mobile home for \$104,885. The average residential lot sold for \$131,985.

In 2001, the average resale single-family home in Sedona sold for \$364,618; the average townhome/condo sold for \$187,028 and the average mobile home for \$126,294. The average residential lot sold for \$168,527. (see **Table 9**)

Table 9

Real Estate Costs				
Housing Type	1989	1996 <sup>1</sup>	2001 <sup>2</sup>	Percent of Increase (1989 – 2001)
Single-family Resale	\$152,292	\$258,484	\$364,618	139%
Town Home/ Condominium	\$102,417	\$133,073	\$187,028	83%
Mobile Home	\$60,531	\$104,885	\$126,294	109%
Residential Lot	\$45,208	\$131,985	\$168,527	273%

<sup>1</sup> Source: Verde Valley Board of Realtors

<sup>2</sup> John D. Miller Real Estate Services

Over the past 12 years, Sedona single-family housing prices have been increasing an average of 11.5% per year for single-family units, 6.9% for townhome and condominium units, 9% for manufactured homes and over 22% for vacant land and residential lots.

## Rental Rates

Rentals advertised in the Red Rock News in 2001-2002 showed the average one-bedroom apartment rents for \$500 to \$700 per month. These types of units are scarce. A two-bedroom apartment rents for \$700 to \$900 per month without utilities. In comparison, the Arizona average is \$450/mo (one bed) and \$580/mo (two bed) without utilities (2000). The average mobile home in a mobile home park rents for \$690/mo (based on a 2000 survey of two parks with a broad range of rates). This number may not be truly representative as the options are very limited. The average townhome/condo/duplex two-bedroom unit rents for \$850 and \$1,200 per month without utilities. An “upscale” townhome unit rents for \$1,200 to \$1,500 per month. An averaged priced three-bedroom single-family home rents for \$1,000 to \$1,439 per month. The current “fair market rent” for a two-bedroom apartment in Sedona is \$557/month, based on Yavapai County’s Housing and Urban Development (HUD) calculations for the Sedona area. A fair market rent for a three-bedroom unit is \$776 per month. This is updated annually.

## Median Household Income

In 1990, Sedona had a median household income of \$26,366, Arizona - \$27,540, Yavapai County - \$22,060 and Coconino County - \$26,112. In 1998, Arizona’s median household income was \$34,268 with Yavapai and Coconino at \$27,379 and \$35,462 respectively. Sedona’s 2000 median household income was \$44,042 according to the 2000 Census.

Table 10  
Median Household Income

	<u>1990<sup>1</sup></u>	<u>1995</u>	<u>1998/99</u>	<u>2000<sup>6</sup></u>
Sedona	\$26,366	\$29,628 <sup>3</sup>	\$ -	\$44,042
Arizona	\$27,540	\$30,863 <sup>2</sup>	\$34,851 <sup>5</sup>	\$40,558
Yavapai	\$22,060	\$ -	\$27,379 <sup>4</sup>	
Coconino	\$26,112	\$ 32,640 <sup>2</sup>	\$35,462 <sup>4</sup>	
US	\$ -	\$ -	\$39,021 <sup>4</sup>	

Footnotes:

1 1990 Census (DES)

2 DES, 1995 Census estimate

3 In 1990 Sedona was 96% of AZ household income. Using same ratio, 96% of \$30,863 = \$29,628

4 AZ Department of Commerce Report - page 12 (1998)

5 AZ DOC Report - page 24 (1999 estimate)

6 2000 US Census

The Sedona median household income used in the 2001-2001 Community Plan update is \$44,042. This means that one-half of all households in Sedona earn more than that per year and one-half earn less. This is a useful measure when gauging the ability of households to afford the housing in a given geographic area.

To determine relative income, an individual household's income is measured against the area median household income for the City. A household earning 60% to 80% or less of the current median income for the area is said to be in the "moderate income" level. A household earning between 50% and 60% of the median income is classified as "low income". A household earning 50% of the median income or less is said to be "very low income". A household earning 30% or less of the median is in the "extremely low" income level. The US Census Bureau defines poverty level for a family of four in 2000 at \$17,603. The national Dept. of Health and Human Services (2001) defines poverty level for a family of four at \$17,050. It is estimated that about one-fourth of Sedona's population is at or below the poverty level or less than 50% of the median household income.

## Sedona Employment

In 1997, there were 7,226 people employed in Sedona and in 2000 there were 4,917 residents employed both in and outside Sedona. In 1990 it was estimated that 40.5% of the total Sedona jobs were held by Sedona residents and 59.5% held by non-residents. It is also estimated that 40.5% of the employed Sedona residents worked outside Sedona. In 1990, retail and service employment comprised 72.2% of the total jobs in the City. In 1997, 2,927 local jobs were held by Sedona residents, based on the 1990 proportion of 40.5% of 7,226. According to the 2000 US Census, of these jobs, 1,650 are in retail and service employment. An estimated 3,567 retail and service jobs are held by non-residents.

Table 11  
Sedona Employment – 1997

	# of Employees	% of Total Employment
Total employment	7,226	-
Total residents employed	4,917 <sup>4</sup>	-
Total local jobs held by Sedona Residents <sup>1</sup>	2,927	40.5% of 7,226
Total residents who work outside Sedona	1,990	40.5% of 4,917 <sup>2</sup>
Total local jobs held by non-residents <sup>1</sup>	4,299	59.5% of 7,226
Total retail/service employment <sup>3</sup>	5,217	72.2% of 7,226
Total residents in local retail/service employment <sup>3</sup>	1,650 <sup>4</sup>	56.4% of 2,927
Total non-residents in local retail/service employment <sup>3</sup>	3,567	83% of 4,299

Source: 1998 Sedona Community Plan – pages 3-39, 3-40

1 Based on 1990 Sedona Resident Survey – Economic Base Study

2 4,917 – 2,927

3 Employment averages by industry based on 1990 Sedona Business Survey - Economic Base Study

4 2000 US Census 1,650 residents employed in retail and services - would assume all are local

Sedona's economy is based on service sector and tourism employment. Those employed in the retail and service sector have average pay levels well below the median income. The Arizona retail job sector average was \$17,380 in 1998 according to the Arizona Dept. of Commerce.

*Source: U.S. Census Geography Quick Report Table 1*

Table 12

<b>Sedona Economics: 1997 Sample Employment / Income by Larger Industries</b>				
<b>NAICS Industry</b>	<b>Number of Establishments</b>	<b>Number of Employees</b>	<b>Average Pay (Annual payroll divided by number of employees)</b>	<b>Percent of Sedona Median Income</b>
Wholesale Trade	20	46	\$22,891	68%
Retail Trade	186	976	\$16,068	48%
Real Estate and rental and leasing	42	196	\$22,831	68%
Professional scientific and technical services	43	115	\$35,817	107%
Administrative support and waste management and remediation	18	194	\$20,381	61%
Health Care and Social Assistance	40	158	\$24,588	73%
Arts Entertainment and Recreation	11	132	\$9,469	28%
Accommodation and food services	80	1,535	\$11,145	33%
Other Services (except public administration)	30	97	\$19,567	58%

*Source: U.S. Census Geography Quick Report Table 1*

## Housing Affordability

The nationally-recognized measure of affordability is whether a household can spend 30% or less of their annual gross income for housing and related utility costs. If they can, their housing is considered "affordable". If they exceed that threshold, their housing is considered "unaffordable" and they are considered "cost-burdened". It is also generally true that the lower the income, the greater percentage of income is spent on shelter.

According to the latest data from the 2000 Census, 53.2% of Sedona renters and 30.8% of owners spend more than 30% of their income on housing.

The following is from the Arizona Housing Commission report (Arizona Department of Commerce), "The State of Housing in Arizona - 2000":

*Housing affordability is an impending crisis in Arizona. Arizona's average income ranks as one of the lowest nationally, yet our population is one of the fastest-growing. The combined impact of a 21% decrease in buying power (mid 1980's to mid 90's middle income wages) and a 30% increase in home prices is alarming. Today, an Arizona household must make at least \$45,000 to afford the median-priced home, yet only 43% of Arizona households can afford this. Rental affordability ratios have also declined. Today, only 62% of households can afford the Arizona median rent (\$653/mo, including utilities or an annual income of \$26,120).*

*The livable wage for a family of three and a family of four in Arizona was \$29,900 and \$32,400 respectively, in 1998. The livable wage is the minimum annual amount required to meet basic household needs. In 1998, the median household income in Arizona (\$34,268) is only slightly above the livable wage for a family of four. Based on 30% of this income, the maximum affordable monthly expense for housing is \$810/mo.*

*Retail and Service jobs are the lowest-paying, yet make up approximately half of all employment in Arizona. In 1998, the average annual retail wage was \$17,380 and the average service sector wage was \$25,868. Between now and 2003, 40% of all new jobs created in Arizona are expected to pay less than half of the livable wage.*

For Sedona, based on 30% of income, a household income of \$44,042 (2000 Census) could afford a maximum monthly payment of \$1,101 per month (including utilities). Based on 30% of income, the maximum affordable monthly rent for Sedona households in 2000 at 80% of the median is \$880 per month (including utilities). In 1995, 27% of Sedona households (1,155 units) were renter-occupied. In 2000, 27.5% (1,357 households) were renter-occupied.

Table 13  
**Arizona /Sedona Housing Affordability By Income Level** *(Based on 30% of Income)<sup>1</sup>*

	<b>Income</b>	<b>Maximum affordable monthly (with utilities)</b>
State Median Household	\$40,558	\$970
Sedona Median Household <sup>5</sup>	\$44,042	\$1,101
Livable Wage (4 person) <sup>2</sup>	\$32,400	\$810
AZ Median Mo. Rent <sup>4</sup>	\$26,120	\$653
Services Job Sector (average) <sup>3</sup>	\$25,868	\$647
Minimum Wage (2 worker)	\$21,840	\$546
Sedona Low & Very Low Income <sup>6</sup>	\$22,021	\$550
Retail Job Sector (average)	\$17,380	\$435

<sup>1</sup> DOC report - page 6 (30% of income is commonly accepted maximum amount)

<sup>2</sup> DOC report - Minimum amount required to meet household basic needs (food, shelter, clothing, transportation, health care) in 1998/99



- 3 *DOC report - Entertainment, health, education, personal, professional (98/99)*
- 4 *AZ DOC Report - Page 28 (98/99)*
- 5 *Based on State sponsored study prepared by E.A. Pollack & Co.; April 2002 (2000 data)*
- 6 *Housing and Urban Development definition of low income is 50-60% of median household (\$44,042 x .50 = \$22,021 x .30 = \$6,606/12 = \$550) – Pollack study (2000 data)*

In 1998, only 62% of Arizona households could afford the median monthly rent of \$653/mo, including utilities.

Approximately 23.5% of Sedona's population earns 50% or less of the City's median income. This means that those households are only able to afford housing that costs up to \$470 to \$550 per month. The Fair Market Rent for a two-bedroom apartment in Sedona is \$557 per month. The 2000 staff survey of actual rentals in Sedona indicated that a two-bedroom apartment was renting for \$665 per month. Many wage earners in Sedona are spending almost one third more to rent two-bedroom apartment housing than they can afford. This does not count the 60% of the workforce who do not reside in Sedona.

Affordability, however, is not only an issue for the lower income population. The Verde Valley League of Women Voters recently conducted a survey of 131 public sector employees in Sedona, including teachers, fire and police personnel, City employees, nurses and health emergency personnel. Even the middle class workers in public sector jobs and industries are faced with housing budgets well in excess of the affordability threshold of 30% of income. Public employees who do rent a home in Sedona must earn 31% more than those renting outside of the City before they earn enough to afford Sedona rents. Employees who own homes in Sedona and who earn more than \$55,000 per year spent an average of 47% on housing. Renters surveyed who earned more than \$65,000 per year spent an average of 62% of their total income on housing in Sedona.

## **Assessing Housing Needs**

The following are key housing conditions and trends affecting the availability of affordable housing in Sedona:

1. Limited Supply of Land – 62% of Sedona's residential land base is developed. By 2018 or 2019, all of the available land will be built on.
2. Limited Supply of Affordable Units – There is an unusually high percentage of large lot, single-family housing and a lower than normal percentage of rental and multi-family housing choices. Multi-family zoning comprises about 20% of Aspen Colorado's zoning and 13% of Durango, Colorado's zoning, but only 4% of Sedona's. Multi-family housing units make up 30% of the housing stock in Telluride, Colorado, but only make up 9.2% of Sedona's housing stock according to the 2000 Census. Apartment housing makes up 23% of Arizona's housing stock overall, but only 4.6% of Sedona's.

Mobile home parks in Sedona are currently built out. There have been no proposals made for any additional mobile home parks since the City incorporated in 1988 nor have any areas been

recommended for these uses in the Community Plan. Table 14 below also illustrates the available remaining lands/lots for which mobile and manufactured housing is allowed by current zoning. As of July 2001, there were 23 vacant subdivided lots and 7.5 unsubdivided, undeveloped gross acres representing about 30 additional units that would allow for new mobile and manufactured housing – a total of 53 additional potential lots/units.

Table 14

<b>Mobile and Manufactured Housing (July 2001)</b>					
Zoning Classification	Developed Lands		Undeveloped Lands		
	Subdivided Units	Unsubdivided Acres	Vacant Lots	Unsubdivided Gross Acres	Unsubdivided Potential Units
<b>RMH-6</b> (4-8 units/acre single family residential high density)	256	0	6	0	0
<b>RMH-10</b> (2-4 units/acre single-family residential medium density)	230	44	14	8	30 <sup>1</sup>
<b>RMH-12</b> (2-4 units/acre Single Family Residential medium density)	65	14	3	0	0

<sup>1</sup> At 4 dwelling units per acre

Source: City of Sedona

Note: Includes Zoning classifications that allow mobile and manufactured housing (excludes Mobile Home Parks)

3. Preservation of Affordable Units – Market forces and high land costs tend to erode the limited supply of existing lower cost housing in Sedona. Between 1980 and 2001, mobile homes declined from 22.3% of the occupied housing to 15% and total multi-family units declined from 14.3% to 12.6% of housing.
4. Housing Costs – The median price of a single-family home in Sedona was \$290,000 in 2001, 58% higher than the median for the western region of the U.S. Based on census data, it is estimated that 53.2% of renters and 30.8% of Sedona homeowners (approximately 38% of all Sedona households) spend more than 30% of their income on housing.
5. Income Levels – The median income/earnings of both male and female workers are less than needed to afford the Sedona median gross rent of \$880. Average wages in the retail sector are only about 65% of the median income. Households in this category could only afford a rent level of \$560 or a house price of \$67,000.
6. Commuting Time and Costs – Due to the high rent prices and lack of available affordable units, those who normally live in Sedona, close to their jobs, are forced to live in other communities.

**Table 15** below summarizes the make-up of Sedona's existing housing stock.

Table 15

<b><i>Year 2001: Sedona Existing Housing Supply by Type<sup>1</sup></i></b>			
<b>Type of Housing Unit</b>	<b>Estimated Quantity</b>	<b>Estimate Percent of Stock</b>	<b>Estimated Average Prices</b>
Single family detached <i>(including owner occupied, factory built homes within established subdivisions)</i>	4,612	79.4%	\$364,618 as of October 2001 3 BR House = \$1,595 <sup>2</sup> /mo average rent
Rental Apartments + Condos, Townhomes, Duplexes	849 Of these 253, or 4.4% of all units in stock are apartment units	14.6%	1 BR = \$600/mo 2 BR = \$800/mo Townhome = \$1,000/mo
Mobile Home Park <i>(rental units)</i>	33	.5%	\$690/mo
Owner occupied Factory Built within mobile home parks	309	5%	NA
<b>Total</b>	<b>5,803<sup>1</sup></b>	<b>99.5%</b>	

*1 Based on actual figure counts by Staff Report, July 2001 and subsequent updates. According to a meeting with staff held 12/14/01, there is a slight discrepancy between total housing units counted by the Census and internal total units tracking. There are approximately 157 unidentified units.*

*2 Average rental prices per recent review of rental advertisements in the Red Rock News classifieds.*

**Table 16** below illustrates that the biggest deficits of available affordable units is in the rental units affordable to those in the lowest income categories.

Table 16

<b><i>Income / Affordability Profile for Sedona: 2000</i></b> <b>Total Households: 4,928</b>					
Note: Columns B, C, D and E are updated as of June 2002 per newly released US Census income figures; Totals may exceed total households due to extrapolations and rounding error; Source of Column "F", "Gap Estimates Only: Public State of Arizona Sponsored Study by Elliot D. Pollack & Co* Entitled: "Arizona Affordable Housing Profile"					
<b>A. Income Level: Percent Of Median Income Median Household Income, 2000: <u>\$44,042</u></b>	<b>B. Maximum Income in this Income Category</b>	<b>C. Estimated Number of Households (HH)</b>	<b>D. Maximum Affordable Monthly Rent (incl. Utilities)</b>	<b>E. Maximum Affordable House Price* if purchasing Assumptions: 5% down, 8.15% interest rate on 30 year fixed mortgage, \$250 other monthly installment debt payments</b>	<b>F. "GAPS" Number of new units needed for this income group per State Affordability Study, April 2002</b>
0% to 30%	\$13,212	400 HH	\$330	n/a	Deficit: 556
<30% to 50%	\$22,021	746 HH	\$550	\$45,000	Deficit: 587
<50% to 60%	\$26,425	267 HH	\$660	\$60,000	Surplus: 44
<60% to 80%	\$35,234	572 HH	\$880	\$89,000	Surplus: 44
<80% to 100%	\$44,042	530 HH	\$1,101	\$113,00	Deficit: 128
>100% +	\$\$\$\$	Approx. 2,500 HH	\$\$\$\$	\$\$\$\$	Surplus: 1,368

\*Assumes 8.15% loan, 5% down payment, 28% of annual income set aside.

**Table 17** illustrates the future housing stock by the year 2019 assuming no changes in land supply or zoning.

Table 17

<b>Population and Housing Projections</b>			
	<b>Current – July 2001</b>	<b>Additional Potential</b>	<b>Total</b>
Total Housing Units	5,800	2,977	8,777
Occupied Housing Units	5,028	2,581	7,609
Unoccupied Housing Units	772	396	1,168
Seasonal Units	456	234	690
Year-round Population	10,400	5,291	15,691
Seasonal Population	912	468	1,380
<b>Total Population</b>	<b>11,312</b>	<b>5,759</b>	<b>17,071</b>

Source: Sedona Community Plan, Land Use Projections

Based on the latest Census 2000 data, the current need level for affordable housing not available to those paying unaffordable housing costs is estimated at 38% of all existing Sedona households paying over 30% of their incomes on housing. If that figure is used as a guide, and that proportion remains the same in the future, ideally that would translate into a total need of 38% of the future new units being “affordable”. There are expected to be an additional **2,581** additional occupied units by 2019.

Based on the extrapolation of 1990 Census data, future housing need and current trends, 605 existing and 310 new renter occupied households will be living in unaffordable housing by the year 2019. Homeowner households in unaffordable owner-occupied units will total an estimated 1,008 by that same year. Combined, that is a total of 1,923 occupied households faced with continuing unaffordable housing. Ideally, all of the additional 2,581 occupied units expected to be added to Sedona’s housing stock in the future should be “affordable” units. This would assume those living in existing unaffordable housing as well as newcomers would all be able to move into the new affordable units. At best, that solution would not be practical and is probably an impossible approach. The final number that is “practical” depends on funding, the strength of efforts, the success of partnerships and political will.

If any new affordable units are planned and brought into the Sedona housing stock, what type of units are needed the most? The current estimated proportions of renters and homeowners paying unaffordable housing costs may provide a clue. Renters are by far the most cost burdened. Based on the 1990 Census, at least 61% of all renters in all income categories are in unaffordable units. Only 26% of owners were living in unaffordable housing. According to the latest Census 2000 figures, the percentage of owners living in unaffordable housing is 30.8%. Renters paying unaffordable housing costs are now 53.2% of the group. Combined, 38% of all Sedona households are paying unaffordable housing costs. Renters are far less likely to become homeowners under heavy subsidies. With the low earning level of a large portion of the workforce, rentals are the only feasible, affordable housing alternative for many. If 53.2% of all new housing units could be added to address the percentage of renters in unaffordable units, that would be as many as 1,373 new occupied rental units out of 2,581 new units. That goal would also be impractical and probably impossible based on subsidies, cost, and available land for such units.

If 2,581 new units are projected to be added to Sedona’s housing stock before Sedona will have run out of available land zoned and available for housing, then at a minimum, Sedona should consider adopting a strategy to encourage/require developers to build at least 38% of them as affordable housing. The rationale for this percentage is that if an estimated 38% of current populace is cost burdened by unaffordable housing, this 38% would be 980 new occupied, affordable rental and owned units out of 2,581 new occupied units over the next 17 years, until buildout.

Ideally, if the 980 affordable units are built, it is recommended that a “mix” of approximately 80% of the 980 new units be affordable multi-family units to be developed by the year 2019, or 784 units. Another 196 owner-occupied, affordable single-family units should be developed for those households that could afford to buy their first home with some assistance or if units are affordably priced.

## **Supply Of Multi-Family Housing**

As of July 1, 2001, when fully developed, Sedona's existing multi-family and Planned Development zoning could accommodate an additional 530 multi-family units on 69 gross acres at 64% of an allowable gross density of 12 units per acre. This would represent 1,506 multi-family units or 17% of the total housing stock (up 8% from the current 9.2%).

849 units	Developed Multi-family Residential
127 units	Approved, not constructed Multi-family units
<u>530 units</u>	Additional potential units based on 64% of gross acres of existing zoning
1,506 units	Total Multi-family units at build-out

Although the 64% is a historical average net acreage utilization across all density districts since the City's incorporation, multi-family projects on lands zoned specifically for multi-family where streets are already in place, have historically developed at 92% of the maximum allowable density. Based on 92% of the gross acreage at 12 units per acre, approximately 762 units could be accommodated.

In comparison to the 69 vacant acres zoned for multi-family, however, the 1998 Community Plan provides for only 41 acres of vacant land specifically designated for multi-family uses and 9 acres of additional land currently developed with single-family housing that could be redeveloped for multifamily, consistent with the Plan. This 19-acre difference reflects multi-family residential zoning that is not supported by the Community Plan.

Based on 50 acres potentially available according to the Plan, rather than 69 acres available based on zoning, at the current 8 and 12 units per acre allowed in the Plan, the range of additional units that could be built is:

39 acres @ 12 units per acre = 300 to 431 units  
11 acres @ 8 units per acre = 56 to 81 units

The total range would be 356 to 512 units on 50 acres rather than 530 to 762 units on 69 acres. Based on the 41 vacant acres alone, this range is further reduced to 310 to 446 units. This does not include "Transitional" acreage.

A realistic range of the number of additional multi-family units that could currently be built is 310-512 units, or an average of 411 units.

Recent trends for existing multi-family zoning may actually utilize less than 64% of the gross acreage collectively City-wide. Since the 1998 Community Plan update, overall residential densities have decreased, with a net reduction of 117 potential residential units (as of July 2001).

## Additional Multi-Family Housing Units Needed

If all future multi-family residential units were affordable to low and moderate income households, a minimum of **246 additional** multi-family rental units on 17 acres would be needed in addition to what can be accommodated based on the 1998 Community Plan.

784 Additional affordable multi-family rental units needed  
-411\* Additional multi-family units that could be built (1998 Community Plan)  
-127\* Multi-family units approved, not built (July 2001)  
246 Additional Multi-family units needed that cannot be currently accommodated.

\* If all of these units were affordable to low and moderate income households

## Overall Density Balance

One of the **Sedona Community Plan** Objectives established in 1998 is to "...limit future residential growth to the total number of housing units that can be accommodated once the private land base is built out at the densities generally established upon the City's incorporation..." The following is an analysis of the effect of the additional needed multi-family units on the City's overall residential density.

530 Additional Multi-family residential units @64% of the gross allowable density on 69 acres (currently calculated for buildout).

+127 Units approved, not built  
+117 "Loss" of residential units since 1998  
774 Additional multi-family units that can be built to reach the total number of buildout units calculated at 64% of gross density.  
-784 Multi-family affordable units needed  
10 Multi-family units needed that exceed buildout density.

246 Additional multi-family units needed that cannot be currently accommodated.  
-10 Units exceeding buildout calculations  
**236** Multi-family residential units that could be built to maintain overall density in addition to what can be accommodated according to the 1998 Community Plan.

Based on the above, 774 additional multi-family units can currently be built to maintain the City's residential buildout projections at 64% of gross acres available. This is also 395 units less than gross acreage would allow.

## 6.2 RECOMMENDATIONS

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### 6.2.1 Vision, Goals, Objectives/Policies

The Vision Statement, Goals, Objectives/Policies developed for the *Housing Element* of the **Sedona Community Plan** are presented below.

#### HOUSING VISION

*Provide equal opportunity choices for shelter, well insulated from high volume roadways, aviation and other noise, and non-residential land uses. Housing should foster a sense of neighborhood among nearby residents and a sense of community through linkage with surrounding neighborhoods.*

#### **GOAL 1.0 Promote high quality residential neighborhoods.**

##### *Objectives/Policies*

- 1.1 Encourage quality residential neighborhoods which provide for safe and convenient vehicular and non-vehicular circulation and access to community facilities.
- 1.2 Protect and preserve existing, stable neighborhoods from incompatible adjacent land uses, inappropriate infill or redevelopment projects and the adverse effects of major capital improvement projects.
- 1.3 Provide for neighborhood connections to commercial areas, as well as to each other, using roads, non-motorized bikeways, pedestrian paths.
- 1.4 Encourage maintenance, protection and enhancement of established residential neighborhoods.
- 1.5 Encourage redevelopment and/or renovation of substandard residential neighborhoods.
- 1.6 Establish a Neighborhood Pride program to foster a sense of neighborhood identity and a means to conduct other neighborhood preservation efforts (e.g., neighborhood watch, neighborhood clean-up and social interaction activities).

#### **GOAL 2.0 Ensure a variety of housing opportunities for all.**

##### *Objectives/Policies*

- 2.1 Facilitate an adequate mix of energy-efficient housing types at various densities and prices



- for persons of all ages to accommodate a diversified employment base.
- 2.2 Evaluate opportunities to provide for accessory housing units in residential areas.
- 2.3 Evaluate requirements for new commercial and lodging development to contribute funding for construction of lower cost, off-site housing to accommodate the expanding employment base created by new development.
- 2.4 Provide for housing opportunities within commercial areas.
- 2.5 Allow for re-development of existing mobile home parks to apartment housing to upgrade conditions and retain housing densities where the new units can be more affordable to low and moderate income households.

### **GOAL 3.0 Preserve a small-town environment for Sedona's citizens and visitors.**

#### *Objectives/Policies*

- 3.1 Within the City's existing private land base, limit future residential growth to the total number of housing units that can be accommodated once this private land base is built out at the densities generally established upon the City's incorporation as recommended in the Sedona Community Plan Future Land Use Map.

## **6. 2.2 Specific Recommendations**

### **A. Assisted Living and Accessory Guest House Use**

With an aging population living longer, housing for the many diverse needs of elderly residents becomes an important part of the housing development effort. In 2000, over 25 percent of Sedona's population was age 65 or more. This represents a higher than usual senior population.

Since the needs of older citizens vary greatly depending on their health, mental condition, ability to care for themselves and ability to live independently, the variety of housing needs are more diverse. The need ranges from the independent living facilities, apartments, homes, condominiums, etc., to assisted living, apartments with congregated feeding, to full care nursing homes.

The Navoti Planned Area (*Land Use Element*) could provide for high-density multi-family and/or assisted living uses in close proximity to health care services both existing and encouraged for the future. An evaluation of opportunities to allow guest rooms or detached guest houses to operate as independent housing units could also help address housing needs for Sedona's older residents.

## **B. Community Plan Land Use Map and Zoning**

The Community Plan's Future Land Use Map provides locations for multi-family housing up to 12 units per acre. Most of these areas are currently zoned for multifamily uses. However, the Plan also recommends lower density single-family housing for some areas that are currently zoned for multifamily, primarily as these areas are inappropriately located relative to traffic circulation and topographic constraints. There is one 9-acre area designated for medium density multifamily on the Future Land Use map, that is currently zoned as single-family (along Coffeepot Drive). The Navoti Planned Area also provides an opportunity to locate high density multi-family and/or assisted living uses in close proximity to health care services, both existing and encouraged for the future. The Plan also recommends that multifamily housing be allowed in commercial areas with the highest densities in Focused Activity Centers.

In keeping with existing development standards, densities greater than 12 units per acre have not been recommended.

In addition to areas recommended for medium density multi-family housing on *the Future Land Use Map* some of the existing commercial areas between Focused Activity Centers could also accommodate multi-family uses at a lower density (*see Land Use Element*).

The Uptown/Creek Area Plan (Phase One) has suggested that residential areas surrounding the Commercial areas should be investigated to allow for rental of second unit "Mother-in-law"/"Carriage-house", small-scale structures on owner-occupied lots. This concept should also be explored in future specific planning for the Grasshopper Flats area. This could encourage more pedestrian-oriented neighborhoods to have pedestrian access-to commercial areas as well as providing some opportunities for housing that is more affordable.

Another potential affordable housing opportunity would be the use of apartments over commercial and retail establishments. There are retail and commercial buildings with unused upper stories that would serve as an excellent source of moderate income housing. The space could be used for owner occupied, employee occupied or open rental at an affordable rental price.

Since existing mobile home parks provide some of the most affordable housing options to low and moderate income households, retention of this housing is very important. If these areas are re-developed, the existing housing densities should be retained regardless of housing type if upgrades to current housing and/or site conditions are provided and the housing units are and remain affordable to low and moderate income households.

## **C. Update of the Plan's Housing Element**

In September, 2001, a housing Committee was formed to help update the Community Plan's Housing Element in conjunction with "Grantmasters, Inc", a housing consultant. This housing study is being funded by the Arizona State Housing Trust Fund through the Arizona Department of Commerce. Additional

housing strategies and policies regarding affordable housing will be considered once the Housing Study is completed later in 2002. The Housing Study will be used as a resource and first step for future consideration of an updated Housing Element for the Community Plan.

#### **D. Neighborhood Conservation and Revitalization**

Sedona, like most cities, is a city of diverse neighborhoods. If there is an important lesson to learn from the mistakes of older eastern cities, it is that the continual monitoring of older neighborhoods for preventive maintenance of infrastructure and deteriorating dwellings, will not only keep the neighborhoods viable and the property values up, but will save the community both dollar and social costs later.

The City should design a neighborhood monitoring program to use its code and building inspectors to annually inspect those older more fragile neighborhoods and report any factors that could stimulate the neighborhoods deterioration. If a neighborhood shows signs of decline, a special plan (e.g., VIP Action Zone Planning) should be developed to address the noted problems in an effort to revitalize the area. Alert monitoring of neighborhood conditions and early correction will, in the long run, pay high dividends. Sedona has a few neighborhoods that could benefit now from a neighborhood revitalization program.

Organizing neighborhood associations to work with the City on this program could be a real value added to make the program more effective. Effective training and education of neighborhood groups of the issues involved in neighborhood preservation brings those most affected to the table to keep the City informed and to more effectively ameliorate the problems.

#### **E. Fair Housing Policy**

The City should make sure that it's housing policies follow the Fair Housing Policy Guidelines designed by the Federal Department of Housing and Development (HUD). Housing should be available without any discriminatory factors. The City should eliminate any land development regulations or codes that would make housing unavailable to elderly, handicapped or the disabled.

## 6.3 ACTION PROGRAM

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The Action Program for the *Housing Element* of the **Sedona Community Plan** lists the specific action necessary to implement the Community Plan.

The Planning and Zoning Commission should review and provide recommendations to the City Council for revising the following Action Program on an annual basis in order to continue to pursue implementation of the **Sedona Community Plan** in an expeditious manner and to coincide with the annual strategic planning and Flexible Capital Budget process.

### Future Actions

1. Amend commercial zoning district provisions to allow housing in commercial zones
2. Continue specific planning efforts in the Uptown/Creek area to evaluate “second housing unit” opportunities on owner-occupied lots.
3. Prepare a specific plan for Grasshopper Flat area to address land use options and evaluation of “second housing unit” opportunities on owner-occupied lots.
4. Establish a neighborhood pride program to foster a sense of neighborhood identity and the means to conduct other neighborhood preservation efforts (neighborhood watch, clean-up, and social activities).

### On-going:

- Complete the update of the Community Plan’s *Housing Element* to provide specific housing strategies and policies regarding affordable housing (see specific recommendations).